



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB3302

by Rep. Thomas Morrison

SYNOPSIS AS INTRODUCED:

New Act

30 ILCS 105/5.826 new

30 ILCS 105/5.827 new

30 ILCS 105/5.828 new

Creates the Responsible Spending Act. Provides for the calculation of a Spending Growth Index and requires it to be calculated separately for the General Fund, Road Fund, and all other funds. Sets forth requirements for any increase in State revenue or in State spending beyond the Spending Growth Index limitation, including a three-fifths majority vote of all members of each house and submission of the increase to voters by referendum. Permits emergency tax increases in certain circumstances. Creates the Past Due Paydown Fund and provides that the State Comptroller shall transfer to the fund any amount necessary, up to the total past due operating debt owed by the State, from the unappropriated surplus of the General Fund. Creates the Budget Stabilization Fund for Illinois and provides that the State Comptroller shall allocate a portion of unappropriated funds from the General Fund to pay down past operating debt to zero. Creates the Taxpayer Relief Fund and provides that if the amount in this Fund exceeds 1% of General Fund expenditures, the General Assembly shall enact legislation to provide for a refund to taxpayers. Amends the State Finance Act to create the Past Due Paydown Fund, the Budget Stabilization Fund for Illinois, and the Taxpayer Relief Fund.

LRB098 07551 HLH 37622 b

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Responsible Spending Act.

6 Section 5. Definitions. As used in this Act:

7 "Emergency" means extraordinary circumstances outside the
8 control of the General Assembly, including catastrophic
9 events, such as a natural disaster, terrorism, fire, war, and
10 riot, and court orders or decrees.

11 "General Fund" means the General Revenue Fund, Common
12 School Fund, and Education Assistance Fund.

13 "Increase in revenue" means any legislation or tax levy
14 that is estimated to result in a net gain in State revenue of
15 at least 0.01% of General Fund revenue in at least one fiscal
16 year, and (1) enacts a new tax or fee; (2) increases the rate
17 or expands the base of an existing tax or fee; (3) repeals or
18 reduces any tax exemption, credit, or refund; or (4) extends an
19 expiring tax increase or fee. Any and all borrowing or
20 increases in state debt shall not be considered an increase in
21 revenue.

22 "Inflation adjustment factor" means the increase in the
23 Chicago Metropolitan Statistical Area Consumer Price Index for

1 the most recently available calendar year as calculated by the
2 United States Department of Labor, Bureau of Labor Statistics.
3 However, the inflation adjustment factor may not be less than
4 zero or more than 10%.

5 "Population adjustment factor" means the average annual
6 percentage increase in population for the 3 most recent years
7 for which data is available, as determined annually by the
8 United States Department of Commerce, Census Bureau. The
9 population adjustment factor may not be less than zero.

10 "Revenue" means taxes and fees collected by the State. Any
11 and all borrowing or increases in State debt shall not be
12 considered revenue.

13 "State spending" means any authorized State appropriations
14 and allocations.

15 "Tax" means any amount raised for the general support of
16 government functions.

17 Section 10. Spending Growth Index.

18 (a) Beginning with the fiscal year that starts after this
19 Act takes effect, the maximum annual percentage change in State
20 fiscal year spending in the categories specified may not exceed
21 the inflation adjustment factor plus the population adjustment
22 factor and any increases attributable to measures approved
23 under Section 15 of this Act. This limitation, the Spending
24 Growth Index, must be calculated separately for the following
25 categories: General Fund, Road Fund, and all other funds.

1 (b) The following may not be counted in calculating
2 expenditure limitations:

3 (1) amounts returned to taxpayers as refunds of amounts
4 exceeding the expenditure limitation in a prior year;

5 (2) amounts received from the federal government;

6 (3) amounts collected on behalf of another level of
7 government;

8 (4) pension contributions by employees and pension
9 fund earnings;

10 (5) pension and disability payments made to former
11 government employees;

12 (6) amounts received as grants, gifts, or donations
13 that must be spent for purposes specified by the donor;

14 (7) amounts paid pursuant to a court award; and

15 (8) reserve transfers.

16 Section 15. Approval of expenditure increases.

17 (a) In order to adopt an increase in State spending beyond
18 the limitation set forth in Section 10 of this Act, the measure
19 must be approved by a three-fifths majority vote of all members
20 of each house of the General Assembly and must be approved by a
21 majority of voters. Voter approval is not required if the
22 spending is as a result of an increase in State revenue under
23 Section 20 of this Act.

24 (b) The question of whether to adopt legislation to allow
25 an increase in State spending beyond the limitation set forth

1 in Section 10 of this Act must be submitted to the voters for
2 approval at the next general election. If the General Assembly
3 determines by a three-fifths majority vote that legislation to
4 increase spending beyond the limitation should take effect
5 sooner than the next general election, the General Assembly
6 shall provide for submission of the question to the voters at
7 any regular or special election.

8 A measure submitted to the voters must include an estimate
9 as set forth in the legislation of the spending increase by the
10 measure for the first 3 fiscal years of its implementation.

11 (c) At least 30 days before an election, the Secretary of
12 State shall mail, at least once, a titled notice or set of
13 notices addressed to all registered voters in the State at each
14 address of every registered voter. Notices must include all of
15 the following information and may not include any additional
16 information:

17 (1) The election date, hours, ballot title, and text.

18 (2) For each proposed spending increase, the estimated
19 or actual total of fiscal year spending for the current
20 year and each of the past 4 years, and the overall
21 percentage change and dollar change.

22 (3) For the first full fiscal year of each proposed
23 spending increase, estimates of the maximum dollar amount
24 of each increase and of fiscal year spending without the
25 increase.

26 (d) Ballot question for spending increases must begin:

1 "Shall State spending increase by (amount of first or, if
2 phased in, full fiscal year dollar increase) annually for the
3 purpose of.....?".

4 (e) The State shall reimburse municipalities and counties
5 for the costs of any special elections.

6 Section 20. Approval of revenue increases.

7 (a) In order to adopt an increase in State revenue, the
8 measure must be approved by a three-fifths majority vote of all
9 members of each house of the General Assembly and must be
10 approved by a majority of voters. Voter approval is not
11 required if annual State revenue is less than annual payments
12 on general obligation bonds, required payments relating to
13 pensions, and final court judgments or the measure is an
14 emergency tax.

15 (b) The question of whether to adopt legislation to impose
16 an increase in revenue of the State must be submitted to the
17 voters for approval at the next general election. If the
18 General Assembly determines by a three-fifths majority vote
19 that legislation to increase revenue through an emergency tax
20 should take effect sooner than the next general election, the
21 General Assembly may provide for submission of the question to
22 the voters at any regular or special election.

23 A measure submitted to the voters must include an estimate
24 of the amount to be raised by the measure for the first 3
25 fiscal years of its implementation.

1 (c) At least 30 days before an election, the Secretary of
2 State shall mail, at least once, a titled notice or set of
3 notices addressed to all registered voters at each address of
4 every registered voter. Notices must include all of the
5 following information and may not include any additional
6 information:

7 (1) The election date, hours, ballot title, and text.

8 (2) For each proposed revenue increase, the estimated
9 or actual total of fiscal year spending for the current
10 year and each of the past 4 years, and the overall
11 percentage change and dollar change.

12 (3) For the first full fiscal year of each proposed
13 revenue increase, estimates of the maximum dollar amount of
14 each increase and of fiscal year spending without the
15 increase.

16 (d) Ballot questions for revenue increases must begin:
17 "Shall (description of the tax increase) to increase State
18 revenues by (amount of first or, if phased in, full fiscal year
19 dollar increase) annually for the purpose of...?".

20 (e) The State shall reimburse municipalities and counties
21 for the costs of any special elections.

22 Section 25. Emergency taxes.

23 (a) The State may impose emergency taxes only in accordance
24 with this Section.

25 (b) The tax must be approved for a specified time period by

1 a three-fifths majority of the members of each house of the
2 General Assembly.

3 (c) Emergency tax revenue may be spent only after other
4 available reserves are depleted and must be refunded 180 days
5 after the emergency ends if not spent on the emergency.

6 (d) The tax must be submitted for approval by the voters at
7 the next regular election.

8 (e) If not approved by the voters as provided in subsection
9 (d) of this Section, the emergency tax expires 30 days
10 following the election.

11 Section 30. Past Due Paydown Fund. The Past Due Paydown
12 Fund is established as a special fund in the State treasury and
13 must be administered for the purposes identified in this
14 Section. At the close of the lapse period for each fiscal year
15 beginning in 2014, the State Comptroller shall identify the
16 amount of General Fund unappropriated surplus above the
17 Spending Growth Index limitation and transfer to the fund any
18 amount necessary up to the total past due operating debt owed
19 by the State as of the close of fiscal year 2014.

20 The General Assembly may authorize transfers,
21 appropriations, and allocations from the Fund only to fund the
22 costs of paying down the remaining past due debt until such
23 debt is zero. Any remaining funds shall be transferred to the
24 Budget Stabilization Fund for Illinois.

1 Section 35. Budget Stabilization Fund for Illinois. The
2 Budget Stabilization Fund for Illinois is established as a
3 special fund in the State treasury and must be administered for
4 the purposes identified in this Section. At the close the lapse
5 period of each fiscal year, the State Comptroller shall
6 identify the amount of General Fund unappropriated surplus
7 above the State Spending Growth Index expenditure limitation
8 and above the amount necessary to fully fund and pay down the
9 past operating debt to zero. The Fund may not exceed 8% of the
10 total General Fund revenues received in the immediately
11 preceding fiscal year.

12 The General Assembly may authorize transfers,
13 appropriations, and allocations from the Fund only to fund the
14 costs of State government up to the expenditure limit
15 calculated under Section 10 in years when State revenues are
16 less than the amount necessary to finance the level of
17 expenditures permitted under Section 10. Transfers require a
18 three-fifths majority vote of the General Assembly.

19 The money in the Fund may be invested as provided by law,
20 with the earnings credited to the Fund. At the close of every
21 month during which the Fund is at the 8% limitation, the State
22 Comptroller shall transfer the excess to the Taxpayer Relief
23 Fund.

24 Section 40. Taxpayer Relief Fund. The Taxpayer Relief Fund
25 is established as a special fund in the State treasury and must

1 be administered for the purposes identified in this Section. At
2 the close of the lapse period of each fiscal year, the State
3 Comptroller shall identify the amount of General Fund
4 unappropriated surplus above the State expenditure limitation
5 and above the amount necessary to fully fund the Past Due
6 Paydown Fund and the Budget Stabilization Fund for Illinois.

7 By September 1st annually, the State Comptroller shall
8 notify the Commission on Government Forecasting and
9 Accountability and the Department of Revenue of the amount in
10 the Fund as a result of the transfers.

11 If the amount in the Fund exceeds 1% of General Fund
12 expenditures, then the General Assembly shall, by September
13 15th, enact legislation to provide for the refund to taxpayers
14 of amounts in the Fund. Refunds may only take the form of
15 temporary or permanent broad-based tax rate reductions.

16 If the General Assembly does not enact legislation by
17 September 15th to provide refunds, then the State Comptroller
18 shall, by September 30th, notify the Department of Revenue of
19 the amount in the Fund. The Department of Revenue shall
20 calculate a one-time bonus personal exemption refund. The
21 amount of personal exemption refund must be calculated by
22 dividing the amount in the Fund identified by the State
23 Comptroller by the number of personal exemptions claimed on
24 income tax returns filed for tax year beginning in the previous
25 calendar year. The Department of Revenue shall issue a refund
26 by October 30th to a taxpayer who filed an income tax return by

1 April 15th of the same calendar year based on the number of
2 exemptions claimed (times refund per exemption) on the
3 taxpayer's return without regard to the taxpayer's tax
4 liability for the year.

5 Section 45. The State Finance Act is amended by adding
6 Sections 5.826, 5.827, and 5.828 as follows:

7 (30 ILCS 105/5.826 new)

8 Sec. 5.826. The Past Due Paydown Fund.

9 (30 ILCS 105/5.827 new)

10 Sec. 5.827. The Budget Stabilization Fund for Illinois.

11 (30 ILCS 105/5.828 new)

12 Sec. 5.828. The Taxpayer Relief Fund.